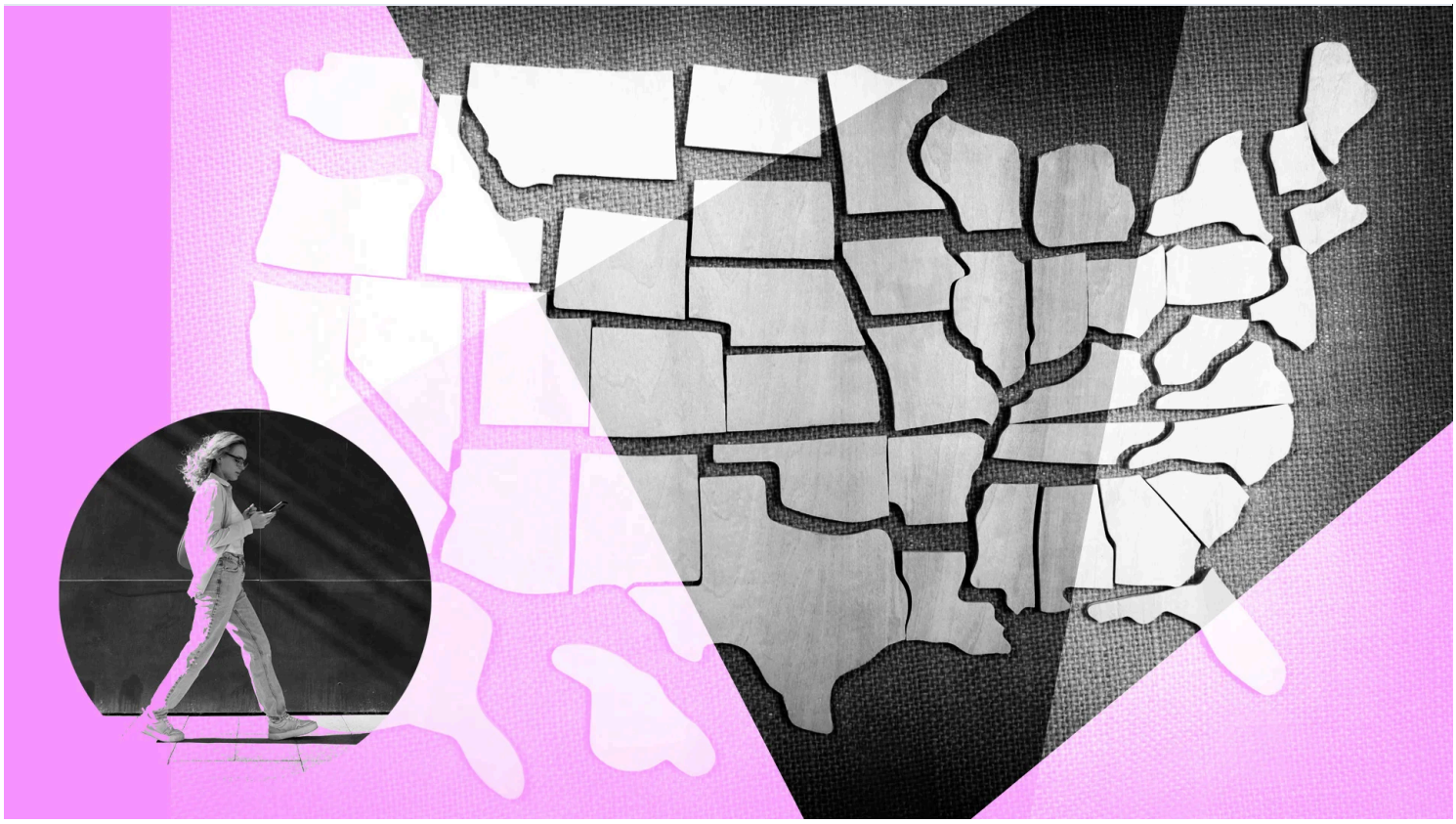

REGIONALS | METHODOLOGY

The Best Places to Start and Grow a Business Now

Across America, smaller cities like Pittsburgh and Colorado Springs are proving to be fertile ground for startups.

BY ALISON J. STEIN

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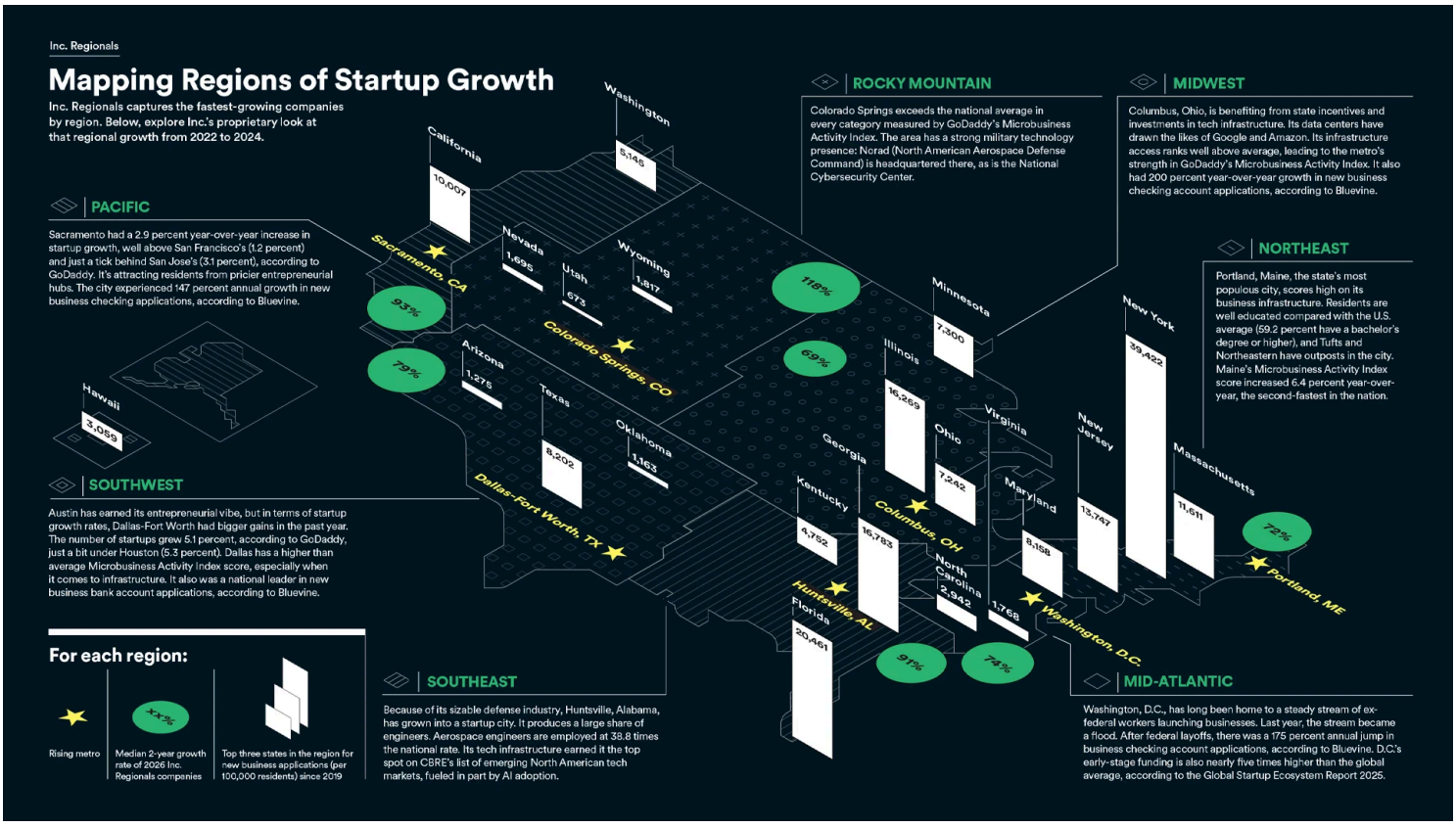
to move for cities seeking to brand themselves as the next great place for entrepreneurs. Replacing Santa Clara's "Valley" with "Peach" in Atlanta, "Desert" in Phoenix, and "Slopes" in Salt Lake sent a clear signal of these cities' larger startup ambitions. But, it turns out, there are real advantages to starting a company outside the pressure cooker of even the Valley-inspired business hubs: more support, lower costs, and less competition.

While epicenters such as Silicon Valley and New York City still lead the country in overall startup activity, and cities including Atlanta, Austin, and Miami have become serious startup hubs, a new batch of entrepreneurial hot spots appears to be emerging in such places as Huntsville, Alabama, Oklahoma City, and Colorado Springs.



centers, as demonstrated by the 2026 Inc. Regionals list, which tracks companies by location. These companies, whose two-year growth rates range from 10 percent to over 26,000 percent, reflect the shift toward smaller metros. As Phil Budden, senior lecturer at MIT Sloan School of Management, observes, high-cost metros usually mean high investor expectations, so "even companies with solid growth potential struggle to get funding attention if they can't make the case for 'the huge blitzscaling, billion-dollar unicorn' potential," he says. But in areas out of that limelight, "funders can be a little bit more patient because they don't have to meet that overhead."

"We're seeing steady momentum across all regions," says Alexandra Rosen, economist and global head of GoDaddy's Small Business Research Lab, which measures the annual change in the number of microbusinesses across the United States. (GoDaddy defines "microbusiness" broadly—essentially any domain registered with it that has an active website—but that yields a huge data set and a useful proxy for tracking startup activity.)

However, while growth is happening everywhere, it's not happening at the fastest rate among the usual suspects. Metros in the Sunbelt went in differing directions: Las Vegas's rate of startup growth dropped 6.4 percent, while Miami saw a 5.8 percent increase, according to GoDaddy's data. The largest cities didn't grow at a similar pace either—New York's startup growth rate was 4.5 percent, but Los Angeles's was just 2.5 percent. Even a cool image was no guarantee of singular status. Austin, the modern archetype of a boomtown,

matched that growth rate exactly.

These seemingly scattershot numbers are not beyond explanation, though. There are many factors in play.

Where People Go, Startups Follow

The same forces that cause people to relocate also shift startup activity. “Many businesses are founded where the founders already live,” says Budden. The pandemic boosted geographic mobility, particularly for long-distance moves from expensive coastal cities to more affordable places in the South and West.

That goosed startups in those regions—but the trend wasn’t durable. By 2025, mobility rates had declined. Lower population growth contributes to lower startup growth rates, even if the actual number of startups grows. Cooling signals in GDP and housing are evident in government stats for pandemic boomtowns, including Austin, Phoenix, and Orlando.

Federal Policy Changes

Sweeping federal policy changes have had uneven, significant local effects, according to Visa. By late 2025, 11 states plus D.C. were on track to end the year with fewer jobs than they had at midyear. Causes varied: Federal layoffs hit the D.C. metro area; tariff and trade exposure hit the West and Midwest hard.

tourism—particularly hurting travel-dependent Las Vegas. In 2025, the number of immigrants in the U.S. dropped for the first time in over 50 years, per Pew Research Center. That matters for startup growth rates in areas with large immigrant communities. An MIT study found immigrants are 80 percent more likely to start companies than the U.S.-born.

Necessity Startups

It's probably no coincidence that in the wake of federal layoffs, applications for new business checking accounts in D.C. surged an unusual 175 percent, according to Bluevine. This is sometimes called forced entrepreneurship, but Jeffrey Shay, board chair of the Global Entrepreneurship Monitor and professor at Babson College, prefers the term "necessity startups." In response to financial precarity like job loss, "you scan the environment, find gaps in goods and services, and pursue them," he explains. Interest in starting a business is high after a layoff—65 percent of people laid off in the past two years say they're interested and actively planning.

While this doesn't sound quite as sexy as a founder burning with passion for an idea—Shay calls that opportunity entrepreneurship—he says necessity-founded companies can be just as successful, depending on the founder's resources, the business model, and local conditions. Neither the Walt Disney Company nor the Home Depot would exist had their founders not lost their jobs.

While opportunity entrepreneurs can start their businesses anywhere, some founders relocate to where the action is in their industries. There's an advantage to accessing people with specific skills, plus tailored research and funding. "If you were wanting to do an oil and gas startup, you'd probably want to think about being in Houston. If you wanted to do biotech, you'd probably want to be in Boston," says Budden.

Economists call this agglomeration—today's terms are "clusters" or "ecosystems"—and physical proximity still matters, even as work goes remote, says Shay. Proximity can make it easier to build partnerships, find talent, access information, and—critically—secure funding. While many investors do remote meetings, proximity still matters for monitoring, diligence, and face-to-face interactions. "If I invest a million bucks, I'm going to want to see the million dollars at work," he says.

This creates a lasting pull for certain areas, often those that are anchored by a university. And these places don't have to be large to be effective for entrepreneurs. Take Missoula, Montana—a cardiac research cluster. Many doctors and researchers were drawn to Montana for the lifestyle—and the cardiovascular research ecosystem around one of the major universities in the area. Now the area is home to a health tech and medical device cluster.

Beyond Volume

everything. "What's important is not only how many businesses are starting, but how many have made it over the chasm—that are successful and continuing to grow," says Shay.

One way to suss this out: places that score well on the Microbusiness Activity Index, which GoDaddy produces with UCLA Anderson. This takes into account startup growth rates, but also digital sophistication—how often companies transact, update their sites, and otherwise use tech to run the business. It also accounts for access to tech infrastructure and an educated workforce. Companies with high engagement and infrastructure access tend to be more productive.

Of course, some places that score high on these measures also have strong startup growth—Pittsburgh and Denver, for example. But since startup volume tends to make headlines, slower-growing metros with deep entrepreneurial resources and less competition can fly under the radar.

Take Des Moines as an example. It's not topping national startup rankings or in the top 30 for growth. But it's a benchmark for a successful midsize business ecosystem, with quietly potent technological depth in agriculture and insurance, according to Technical.ly's Innovation Ecosystems Map.

That's no surprise to Melissa Ness, co-founder, president, and CEO of Connectify HR, a professional employer organization with over $20 million in annual revenue that's based in Clive, Iowa, a Des Moines suburb. Coastal giants

positioned herself as a locally owned option. “We don’t use 800 numbers. We show up on site,” she says. “People here really resonate with that.”

That first year, she quickly and affordably built awareness, without price pressure from competitors. The company went from one employee—herself—to 30. Connectify HR’s revenue grew just over 394 percent between 2022 and 2024, making it the Inc. Regionals’ No. 7 fastest-growing business in the Midwest for 2026.

Also this year, Impiricus, an Atlanta-based health tech firm, hit No. 4 in the Southeast region, with 3,739 percent two-year revenue growth. Co-founder Sandy Donaldson credits the Peach State’s largest city for creating the conditions for the success of his company, which has nearly 170 employees. “Atlanta has shaped us,” he says.

He met his future co-founder, dermatologist Osama Hashmi, at a Georgia Tech incubator—and they connected with their first major funder via a local contact (the company raised $3 million in seed funding in 2022). Impiricus still recruits Georgia Tech alums. And Donaldson says he’s had easy access to state representatives, and is currently coordinating a meeting with Governor Brian Kemp.

No one considers Atlanta and Des Moines sister cities—or even close cousins. But while Donaldson and Ness achieved impressive results in different industries, both credit much of their success to where they are based.

better than another—there's just no 'wrong' place to be." The key is to understand and even celebrate the distinctive characteristics of your metro: "There are business opportunities everywhere on the map."

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